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#### BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS** 

PAUL NEWMAN BRENDA BURNS

**BOB STUMP** 

GARY PIERCE - CHAIRMAN

SANDRA D. KENNEDY

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AZ CORP COMMISSION DOCKET CONTROL Arizona Corporation Commission

DOCKETED

SEP \$ 2011

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IN THE MATTER OF THE APPLICATION OF UNS GAS, INC. FOR APPROVAL OF ITS 2011-2012 GAS ENERGY EFFICIENCY IMPLEMENTATION PLAN. DOCKET NO. G-04204A-11-0149

#### NOTICE OF FILING UPDATED INFORMATION IN SUPPORT OF 2011-2012 GAS ENERGY EFFICENCY IMPLEMENTATION PLAN

and

#### REQUEST FOR WAIVER

UNS Gas, Inc. ("UNS Gas" or "Company"), through counsel undersigned, hereby files the attached Updated Information in Support of its 2011-2012 Gas Energy Efficiency Implementation Plan ("EE Plan") that was filed with the Arizona Corporation Commission ("Commission") on April 4, 2011. The updates to the EE Plan relate to the following topics:

- Budget
- Portfolio Savings
- DSM Adjustor

Additionally, given the anticipated timing of Commission approval of its EE Plan, UNS Gas also requests a waiver and a modification of the Gas Energy Efficiency Standards ("EE Standard") set forth in A.A.C. R14-2-2504.B, as set forth in the attached Updated Information. When UNS Gas filed its EE Plan on April 4, 2011, it requested Commission approval of the EE Plan by June 1, 2011. UNS Gas now anticipates that the EE Plan will be approved for implementation on December 1, 2011. That change in the anticipated approval date has significantly altered the timing of anticipated participation in the EE Plan and in subsequent plans.

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ROSHKA DEWULF & PATTEN, PLC

Wherefore, UNS Gas requests that the Commission: (i) consider the updated information in reviewing and approving the Company's EE Plan and (ii) grant UNS Gas's request for a waiver and modification of the EE Standard pursuant to A.A.C. R14-2-2520 in light of the anticipated approval date of its EE Plan as good cause exists.

RESPECTFULLY SUBMITTED this 6 day of September 2011.

UNS Gas, Inc.

By

Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC.
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

and

Bradley S. Carroll UniSource Energy Services One South Church Avenue Tucson, Arizona 85701

Attorneys for UNS Gas, Inc.

Original and 13 copies of the foregoing filed this day of September, 2011, with:

Docket Control Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

Copy of the foregoing hand-delivered/mailed this day of September, 2011, to:

Jane Rodda, Esq. Administrative Law Judge Hearing Division Arizona Corporation Commission 400 West Congress Tucson, Arizona 85701

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ROSHKA DEWULF & PATTEN, PLC

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### UNS GAS, INC.

#### UPDATED INFORMATION IN SUPPORT OF 2011-2012 GAS ENERGY EFFICIENCY IMPLEMENTATION PLAN

**DOCKET NO. G-04204A-11-0149** 

**SEPTEMBER 6, 2011** 

#### **Summary of Updated Information**

UNS Gas, Inc. ("UNSG" or "Company") has prepared this document in support of its proposed 2011-2012 Gas Energy Efficiency Implementation Plan ("EE Plan") that was filed with the Arizona Corporation Commission ("Commission") on April 4, 2011. Because significant changes have occurred since the EE Plan was filed five months ago, the purpose of this document is to provide updated information that the Company believes is important in order for the Commission to complete its analysis prior to approving the EE Plan. Additionally, UNSG is requesting a waiver and a modification of the Gas Utility Energy Efficiency Standards ("EE Standard" or "GEES") set forth in A.A.C. R14-2-2504.B.

There are four primary updates contained herein as follows:

#### I. BUDGET

The updated anticipated timing for approval of new programs, the additional program measures, and continuing economic forces have altered the estimated budgets resulting in a \$1.4 million reduction. UNSG provides the following budget comparison for Commission review:

Program Year	Original EE Plan Budget	Updated Budget
2011	\$2,819,034	\$1,927,874
2012	\$4,543,485	\$4,047,817
Total	\$7,362,519	\$5,975,691

#### II. PORTFOLIO SAVINGS

The updated anticipated timing for approval of the EE Plan has altered the estimated savings for 2011 and 2012 as shown below:

Program Year	Original EE Plan Savings (MTherms)*	Updated Savings (MTherms)
2011	305	108
2012	982	734
Total	1,286	842

<sup>\*(</sup>MTherms = 1,000 Therms)

<sup>&</sup>lt;sup>1</sup> When UNSG filed its EE Plan on April 4, 2011, it requested expedited review and approval by June 1, 2011. The delay in the timing for approval has significantly altered anticipated participation in 2011 and has resulted in other changes as set forth herein. The changes set forth herein anticipate that the EE Plan will be approved by the Commission in time to be implemented December 1, 2011. For the convenience of the Commission, UNSG has provided (where appropriate) side-by-side comparisons of the original EE Plan to the updated information.

Updated Information In Support Of 2011-2012 Gas Energy Efficiency Implementation Plan

#### III. DSM ADJUSTOR

The DSM adjustor must be modified due to: (i) the decrease in program budgets and (ii) the reduced timing for collection. UNSG has provided a summary of information on the DSM adjustor request in the table below:

	Original DSM Surcharge (\$/kWh)	Updated DSM Surcharge (\$/kWh)
2011-2012	0.0308	0.0283

#### IV. WAIVER FROM 2011 GEES

The timing of the effectiveness and implementation of the GEES Rules, as well as the delay in the approval of the EE Plan, makes it impossible for UNSG to meet the cumulative EE Standard set forth in A.A.C. R14-2-2504.B for 2011 through 2020. UNSG therefore requests a waiver and modification of the GEES and further requests that the Company's GEES be modified for all future EE Plan filings.

This updated information does not alter any other component in the original EE Plan document and UNSG respectfully requests that the Commission approve its EE Plan, as supplemented herein, as expeditiously as possible.

#### I. Budget

As a result of the reduced costs associated with changes in the Residential Financing Pilot Program, and the delay in timing for approval of new programs and additional measures, UNSG has reduced its 2011 EE Plan budget. UNSG has also made some minor modifications to its participation estimates for 2012 due to continuing economic forces, resulting in some budget modifications for 2012. The combined result for 2011-2012 is a \$1.4 million reduction from the original EE Plan. The changes in budget, if any, for all programs are shown in Exhibit 1.

#### II. Portfolio Savings

Due to the delay in the anticipated timing for EE Plan approval, and modifications in participation estimates as mentioned above, UNSG has altered its estimated savings for 2011 and 2012. These modifications in savings estimates for all programs are shown in Exhibit 2.

#### III. DSM Adjustor

UNSG seeks to update its DSM Surcharge for program cost recovery. Specifically, UNSG is requesting approval to collect \$5.9 million in DSM program costs for 2011-2012.

UNSG requests that the 2011-2012 EE Plan and the updated 2011-2012 DSM Tariff as attached herein be approved in order to be implemented on December 1, 2011.<sup>2</sup>

UNSG has included a revised tariff in Exhibit 3 that complies with A.A.C. R14-2-2506.A. Additionally, because of the delayed implementation date, UNSG requests that the existing DSM adjustment mechanism be approved for implementation effective December 1, 2011 through December 31, 2012, in order to ensure just and reasonable rates.

Additional details and the elements of the Company's proposed Demand-Side Management Surcharge ("DSMS") for December 1, 2011 through December 31, 2012 can also be found in the attached Exhibit 3. At this time, it is anticipated that the DSMS required to implement the updated 2011-2012 EE Plan will be approximately \$0.0283 per Therm based on forecasted retail sales from December 1, 2011 through December 31, 2012. The average impact to a residential customer will be \$1.27 per month.

### IV. Request for Waiver and Modification of EEES Pursuant to A.A.C. R14-2-2520

The GEES Rules did not go into effect until early 2011. Therefore, the Company did not file its EE Plan until April 4, 2011 as required by the Rules. At the time UNSG filed its EE Plan, it requested expedited review and approval of its EE Plan and the programs set forth therein by June 1, 2011. As the GEES Rules require the Company to achieve energy savings for 2011, the delay in the timing of Commission approval of the EE Plan makes it impossible for a company the size of UNSG to meet the GEES of

<sup>&</sup>lt;sup>2</sup> UNSG assumed a December 1, 2011 effective date in calculations for the DSMS but will file as a compliance item a revised DSMS using the actual effective date for the new surcharge following Commission approval.

<sup>&</sup>lt;sup>3</sup> UNSG has assumed the DSMS of \$0.0084 will remain in effect through November 30, 2011.

#### Updated Information In Support Of 2011-2012 Gas Energy Efficiency Implementation Plan

0.50% of prior year sales for 2011 and the cumulative 1.20% of prior year sales for 2012. Moreover, because of this approximately one (1) year delay, the Company will be perpetually behind schedule in meeting the Cumulative Energy Efficiency Standard each year thereafter. Accordingly, pursuant to A.A.C. R14-2-2520, UNSG requests a waiver and modification of the Cumulative Energy Efficiency Standard set forth in A.A.C. R14-2-2504.B for its EE Plan and for subsequent EE Plan filings.

Specifically UNSG is requesting the GEES be modified to the projected percentage of prior year sales that UNSG believes is achievable in both 2011 and 2012. The GEES will still end in 2020 with the new adjusted cumulative annual energy savings of 5.4% compared to the original 6%. Table IV-1 below illustrates how the GEES would be adjusted:

Table IV-1: Requested adjustment to GEES

Requ	uested Waiver To St	andard
		Cumulative Energy
	Cumulative Energy	Efficiency Standard
	Efficiency Standard	(Requested
Calendar Year	(Current)	Adjustment)
2011	0.5%	0.08%
2012	1.2%	0.61%
2013	1.8%	1.2%
2014	2.4%	1.8%
2015	3.0%	2.4%
2016	3.6%	3.0%
2017	4.2%	3.6%
2018	4.8%	4.2%
2019	5.4%	4.8%
2020	6.0%	5.4%

A.A.C. R14-2-2520.A provides that "the Commission may waive compliance with any provision of this Article for good cause." UNSG believes that the circumstances as described above constitute "good cause" as contemplated by the Rules and requests that the Commission grant the requested waiver and modification of the requirements of A.A.C. R14-2-2504.B.

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## Exhibit 1 – Updated Budgets

Table 1: 2011-2012 Updated Proposed Budgets

1	TIOL IT SIGNA	named a expe	men = manda = mannda = ra= rra=			
	Original 2011	Original 2012	Original Combined	Updated 2011	Undated 2012	UpdatedCombined
DSM Support Programs	Budget	Budget	2011-2012 Budget	Budget	Budget	2011-2012 Budget
Education & Outreach	\$29,731	\$72,849	\$102,580	\$29,731	\$72,849	\$102,580
Residential Energy Financing	\$432,670	\$664,187	\$1,096,857	\$136,663	\$505,917	\$642,580
Codes Support	0\$	\$76,155	\$76,155	0\$	\$76,155	\$76,155
Support Programs Subtotal	\$462,401	\$813,191	\$1,275,592	\$166,394	\$654,920	\$821,315
Behavioral Programs						
Home Energy Reports	\$22,204	\$176,080	\$198,284	\$22,204	\$128,105	\$150,309
Behavioral Comprehensive Program	\$4,157	\$48,405	\$52,562	\$4,157	\$70,259	\$74,416
Behavioral Subtotal	\$26,361	\$224,485	\$250,846	\$26,361	\$198,364	\$224,725
Residential Efficiency Programs						
Low-Income Weatherization	\$340,191	\$350,397	\$690,588	\$340,191	\$350,397	\$690,588
Residential New Construction	\$191,939	\$207,963	\$399,902	\$152,718	\$140,932	\$293,650
Existing Home (was Efficient Home Heating)	\$1,220,437	\$1,485,118	\$2,705,555	\$790,084	\$1,364,998	\$2,155,082
Residential Subtotal	\$1,752,567	\$2,043,478	\$3,796,045	\$1,282,993	\$1,856,326	\$3,139,319
Non-Residential Efficiency Programs						
C&I Facilities Program	\$385,676	\$984,902	\$1,370,578	\$260,096	\$860,778	\$1,120,874
Multi-Family Direct Install	\$50,074	\$128,700	\$178,774	\$50,074	\$128,700	\$178,774
Non-Residential Subtotal	\$435,750	\$1,113,602	\$1,549,352	\$310,170	\$989,478	\$1,299,648
EE Program Subtotals	\$2,677,079	\$4,194,756	\$6,871,835	\$1,785,918	\$3,699,088	\$5,485,006
RET Programs						
Solar Water Heating	\$26,921	\$230,244	\$257,165	\$26,921	\$230,244	\$257,166
EE + RET Program Totals	\$2,704,000	\$4,425,000	\$7,129,000	\$1,812,840	\$3,929,332	\$5,742,172
Program Development, Analysis & Reporting Software 1	\$115,034	\$118,485	\$233,519	\$115,034	\$118,485	\$233,519
Portfolio Total	\$2,819,034	\$4,543,485	\$7,362,519	\$1,927,874	\$4,047,817	\$5,975,691

1. Expenses are necessary for compliance and reporting reqirements of GEES.

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#### Exhibit 2 – Updated Portfolio Savings

**Table 1: Updated Portfolio Savings** 

	Original 2011 Energy Savings	Original 2012 Energy Savings	Original 2-Year Energy Savings	Updated 2011 Energy Savings	Updated 2012 Energy Savings	Updated 2-Year Energy Savings
DSM Programs	(MTherms)	(MTherms)	(MTherms)	(MTherms)	(MTherms)	(MTherms)
Residential						
Residential New Construction	60	90	150	12	15	27
Existing Home Program/Audit Direct Install	165	215	380	75	174	249
Low-Income Weatherization	12	13	25	12	13	25
Commercial						
C & I Facilities	67	264	331	9	204	212
Multi-Family Direct Install	0	13	13	0	13	13
Behavioral Comprehensive			3 642 45 45	10 (9 40 40	超级型计	
Home Energy Reports	0	321	321	0	225	225
Behavioral Comprehensive	0	37	37	0	62	62
Support Programs					T BURST	
Education & Outreach	0	0	0	0	0	0
Residential Financing	0	0	0	0	0	0
Codes Support	0	0	0	0	0	0
Renewable Energy Technologies (RET)	10 10 11 11 11					
Solar Water Heating	0	29	29	0	29	29
TOTAL	305	982	1,286	108	734	842

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## CLEAN VERSION



#### UNS Gas, Inc.

Original Sheet No.:	702
Superseding:	

#### **Demand Side Management Surcharge (DSMS)**

#### **APPLICABILITY**

The Demand Side Management Surcharge (DSMS) applies to all customers, except customers who take service under the Customer Assistance Residential Energy Support (CARES) rate, in all territory served by UNS Gas, Inc as mandated by the Arizona Corporation Commission, unless otherwise specified. CARES customers taking service under rate R-12 are exempt from any DSM surcharges effective June 1, 2009.

#### **RATE**

The following DSM Surcharge will be effective December 1, 2011 through December 31, 2012. The DSMS shall be applied to all monthly net bills except CARES customers at the following rate:

All therms @ \$0.0283 per therm

#### **REQUIREMENTS**

The Arizona Corporation Commission will approve any changes to the surcharge to be billed to all applicable rates.

#### TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company, and/or the price of, or revenue from, gas sales or service sold and/or the volume of gas sales generated or purchased for sale and/or sold hereunder.

#### **RULES AND REGULATIONS**

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

Filed By:

Kentton C. Grant

Title:

Vice President of Finance and Rates

District:

Entire UNS Gas Service Area

Rate:

Rider R-2

Effective:

Pending

Decision No.:

"3"

## REDLINED VERSION



#### UNS Gas, Inc.

Original Sheet No.:	702
Superseding:	

#### **Demand Side Management Surcharge (DSMS)**

#### **APPLICABILITY**

The Demand Side Management Surcharge (DSMS) applies to all customers, except customers who take service under the Customer Assistance Residential Energy Support (CARES) rate, in all territory served by UNS Gas, Inc as mandated by the Arizona Corporation Commission, unless otherwise specified. CARES customers taking service under rate R-12 are exempt from any DSM surcharges effective June 1, 2009.

#### **RATE**

The following DSM Surcharge will be effective December 1, 2011 through December 31, 2012. The DSMS shall be applied to all monthly net bills except CARES customers at the following rate:

The DSMS shall be applied to all monthly net bills at the following rate:

All therms @ \$0.0283084 per therm

#### REQUIREMENTS

The Arizona Corporation Commission will approve any changes to the surcharge to be billed to all applicable rates.

The UNS Gas, Inc. DSMS will be calculated and filed with the Arizona Corporation Commission (ACC) for approval on or before April 1st. The ACC will approve the surcharge to be billed to all applicable rates for twelve (12) months beginning each June 1.

#### TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company, and/or the price of, or revenue from, gas sales or service sold and/or the volume of gas sales generated or purchased for sale and/or sold hereunder.

#### **RULES AND REGULATIONS**

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

Filed By:

Kentton C. Grant

Title:

Vice President of Finance and Rates

District:

Entire UNS Gas Service Area

Rate:

Rider R-2

Effective:

Pending

Decision No.:

"3"

## UPDATED DSMS BACKUP

# Exhibit 3 - Updated DSMS Backup

Table 1: 2010 Expenditures and 2011-2012 Updated Proposed Budgets

	2010	2010 Approved	Original 2011	Original 2012	Original Combined	Updated 2011	Updated 2012	UpdatedCombined
DSM Support Programs	Expenditures 2	Budgets	Budget	Budget	2011-2012 Budget	Budget	Budget	2011-2012 Budget
Education & Outreach	W	Ψ.	\$29,731	\$72,849	\$102,580	\$29,731	\$72,849	\$102,580
Residential Energy Financing	AN	AN	\$432,670	\$664,187	\$1,096,857	\$136,663	\$505,917	\$642,580
Codes Support	NA	NA	\$0	\$76,155	\$76,155	80	\$76,155	\$76,155
Support Programs Subtotal	\$0	\$0	\$462,401	\$813,191	\$1,275,592	\$166,394	\$654,920	\$821,315
Behavioral Programs								
Home Energy Reports	NA	W	\$22,204	\$176,080	\$198,284	\$22,204	\$128,105	\$150,309
Behavioral Comprehensive Program	AN	NA	\$4,157	\$48,405	\$52,562	\$4,157	\$70,259	\$74,416
Behavoral Subtotal	\$0	\$0	\$26,361	\$224,485	\$250,846	\$26,361	\$198,364	\$224,725
Residential Efficiency Programs								
Low-Income Weatherization	\$147,792	\$200,000	\$340,191	\$350,397	\$690,588	\$340,191	\$350,397	\$690,588
Residential New Construction	\$113,145	\$445,578	\$191,939	\$207,963	\$399,902	\$152,718	\$140,932	\$293,650
Existing Home (was Efficient Home Heating)	\$258,170	\$318,270	\$1,220,437	\$1,485,118	\$2,705,555	\$790,084	\$1,364,998	\$2,155,082
Residential Subtotal	\$519,107	\$963,848	\$1,752,567	\$2,043,478	\$3,796,045	\$1,282,993	\$1,856,326	\$3,139,319
Non-Residential Efficiency Programs								
C&I Facilities Program	\$125,240	\$212,180	\$385,676	\$984,902	\$1,370,578	\$260,096	\$860,778	\$1,120,874
Multi-Family Direct Install	NA	NA	\$50,074	\$128,700	\$178,774	\$50,074	\$128,700	\$178,774
Non-Residential Subtotal	\$125,240	\$212,180	\$435,750	\$1,113,602	\$1,549,352	\$310,170	\$989,478	\$1,299,648
EE Program Subtotals	\$644,347	\$1,176,028	\$2,677,079	\$4,194,756	\$6,871,835	\$1,785,918	\$3,699,088	\$5,485,006
RET Programs			The second second					
Solar Water Heating	NA	NA	\$26,921	\$230,244	\$257,165	\$26,921	\$230,244	\$257,166
EE + RET Program Totals	\$644,347	\$1,176,028	\$2,704,000	\$4,425,000	\$7,129,000	\$1,812,840	\$3,929,332	\$5,742,172
Program Development, Analysis & Reporting Software 1	\$112,279	W	\$115,034	\$118,485	\$233,519	\$115,034	\$118,485	\$233,519
Baseline Study	\$127,847	\$144,000	AA.	ΑN	AN	W	AN	NA
Portfolio Total	\$884,473	\$1,320,028	\$2,819,034	\$4,543,485	\$7,362,519	\$1,927,874	\$4,047,817	\$5,975,691

Expenses are necessary for compliance and reporting regirements of GEES.
 Source: Semi-annual DSM filing 3-1-2011.

Table 2: DSM Surcharge True-up

2008-2011 DSM Expenses vs Surcharge	2008	2009	2010	2044	
DSM Expenses	\$414,972	\$701,692	\$884,473	\$1,927,874	\$3,929,011
DSM Surcharge Collection (thru Nov 2011)	\$391,447	\$684,012	\$1,148,749	\$1,073,872	\$3,298,080
Annual Carry Over Balance	\$23,525	\$17,680	(\$264,276)	\$854,002	\$630,931
Carry Over Balance (Undercollection)					\$630,931

<sup>1.</sup> Expected DSM Expenses through Dec 2011 and expected Surcharge Collection through Nov 2011

#### Exhibit 3 – Updated DSMS Backup

**Table 3: Adjustor Expenses by Category** 

Cost Category	2011	2012	Total
2012 Program Budget		\$4,047,817	\$4,047,817
Carry Over Balance through 2011			\$630,931
Total .			\$4,678,748

**Table 4: DSMS Rate Calculation** 

PH RESERVATION AND STREET	Table 4: DSMS Rate Calculation	AVVVIII V
	UNS GAS, INC.	dammara a a a a a a a a a a a a a a a a a
DEMAND	SIDE MANAGEMENT ENERGY EFFICIENCY SURC	HARGE
FOR THE	PERIOD DECEMBER 2011 THROUGH DECEMBER 3	31, 2012
TO THE STREET OF		
(a)	Total Therm Sales (Includes CARES):	171,067,855
(b)	Less Cares Forecast:	5,490,311
(a) - (b) = C	Total Therm Thruput for Calculation:	165,577,544
(d)	Total Budget	\$4,678,748
(d) / C	Surcharge (12/2011 - 12/2012)	\$0.0283
	Current Rate	\$0.0084
- Awwanishimmumi wamisha wanisha wa saka saka wa saka saka wa saka saka	Annual Monthly Average Residential Therm	45
werenessesses or the trappy time. To be the trappy time.	Current Rate (\$/Therm)	\$0.3780
And the state of t	New Rate (\$/Therm)	\$1.2735
	Average Increase	\$0.8955